

Message Text

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ORIGIN NEA-02

INFO OCT-01 ISO-00 /003 R

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DRAFTED BY:NEA/INS:JELEQDER

APPROVED BY: NEA/INS:DKUX

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R 232226Z OCT 73

FM SECSTATE WASHDC

TO AMEMBASSY COLOMBO

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FOLLOWING SENT ACTION SECSTATE INFO DACCA, ISLAMABAD,
KATHMANDU, LONDON, MOSCOW, BOMBAY, CALCUTTA, MADRAS
FROM NEW DELHI OCT 19.

QUOTE NEW DELHI 112232

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, IN

SUBJECT: WEEKLY FOODGRAIN SITUATION

REF: NEW DELHI 11958

BEGIN SUMMARY - THE IMPROVEMENT TRENDS IN INDIA'S FOODGRAIN
SUPPLY/PRICE POSITION, IN EVIDENCE OVER THE PAST SEVERAL DAYS,
ARE CONTINUING. THE INDIAN NEGOTIATING TEAM HAS RETURNED FROM
MOSCOW BUT NO FURTHER OFFICIAL STATEMENT ABOUT THE DETAILS
OF SOVIET GRAIN LOAN TO INDIA HAS BEEN ISSUED. OFFICIAL SOURCES
INDICATE THAT THERE WILL BE NO INTEREST CHARGES ON THE GRAIN
LOAN, THAT INDIA AND THE SOVIET UNION WILL SHARE THE SHIPPING
COST ON A 50-50 BASIS AND THAT NO US GRAIN WILL BE INVOLVED IN
THE SOVIET GRAIN LOAN TO INDIA. THE ODI ANNOUNCED INCREASES
OF BETWEEN 15 TO 33 PERCENT IN THE ISSUE PRICES OF MILLED RICE
AND FALL-HARVESTED COARSE GRAINS EFFECTIVE, NOVEMBER 1.

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END SUMMARY

1. THE IMPROVEMENT TRENDS IN INDIA'S FOODGRAIN SITUATION INDICATED IN REFTEL ARE CONTINUING. IT NOW SEEMS EVIDENT THAT RURAL AREAS ARE THROUGH THE WORST OF THE CURRENT FOOD SHORTAGE PERIOD AND THAT FOODGRAIN SUPPLIES IN URBAN CENTERS WILL IMPROVE WITHIN THE NEXT FEW WEEKS. IN FACT, SOME DECLINE IN RETAIL FOODGRAIN PRICES HAS OCCURRED IN SOME URBAN CENTERS DUE TO SLIGHT INCREASES IN FOODGRAIN SUPPLIES.

2. THERE APPEARS TO BE SOME RELAXATION IN GOI'S ATTITUDE TOWARDS THE ESTABLISHMENT AND OPERATION OF STATE FOOD CORPORATIONS. AGRICULTURAL MINISTER AHMED HAS STATED THAT GOI WILL NOT OBJECT TO THE ESTABLISHMENT OF STATE FOOD CORPORATIONS PROVIDED THE STATES ACHIEVE THEIR PROCUREMENT TARGETS, FULFULL THEIR DELIVERY QUOTAS TO THE CENTRAL GOVERNMENT AND ABSORB THE PERSONNEL CURRENTLY EMPLOYED BY THE (FCI) FOOD CORPORATION OF INDIA WITHIN THE STATE.

3. THE GOI TEAM TO NEGOTIATE DETAILS OF THE TWO MILLION IN SOVIET GRAIN LOAN RETURNED TO NEW DELHI FROM MOSCOW ON OCTOBER 16. THE TEAM DID NOT HOLD A PRESS CONFERENCE OR RELEASE AN OFFICIAL STATEMENT CONCERNING THE NEGOTIATIONS. WE UNDERSTAND, HOWEVER, FROM OFFICIAL SOURCES THAT FCI AND EXPORT HLEB SIGNED AN AGREEMENT IN MOSCOW COVERING IMPLEMENTATION DETAILS. THE ONLY ADDITIONAL INFORMATION AVAILABLE THUS FAR IS THAT THERE WILL BE NO INTEREST CHARGES ON THE GRAIN LOAN, THAT THE GOI AND THE SOVIET UNION WILL SHARE THE SHIPPING COST ON 50-50 BASIS, AND THAT NO US GRAIN WILL BE INVOLVED IN FULFILLING THE SOVIET'S TWO MILLION TON LOAN COMMITMENT. WHILE THE AGREEMENT PROVIDES THAT THE GRAIN LOAN WILL BE REPAYED IN KIND, THERE ARE ALTERNATIVE PROVISIONS WHICH WILL PERMIT PARTIAL REPAYMENT OF THE LOAN WITH OTHER ITEMS SUCH AS CORN AND PEANUTS IN LIEU OF WHEAT OR RICE.

4. IN PARA 4 REFTEL, GOVERNMENT PROCUREMENT PRICES FOR 1973 FALL HARVESTED GRAINS WERE REPORTED. IN THE PAST WEEK, GOVERNMENT ISSUE PRICES OF THESE GRAINS TO THE STATES WERE ANNOUNCED. THE NEW ISSUE PRICES FOR DIFFERENT VARIETIES OF MILLED RICE RANGE BETWEEN RS. 125 AND RS. 160 PER QUINTAL OR AN INCREASE OF 25-26 PERCENT OVER EXISTING ISSUE PRICES. THE ISSUE PRICES LIMITED OFFICIAL USE

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OF COARSE GRAINS HAVE ALSO BEEN INCREASED BY 15 TO 33 PERCENT OVER EXISTING PRICES. TMHE NEW SCHEDULE OF ISSUE PRICES WILL BECOME EFFECTIVE NOVEMBER 1. FURTHER DETAIL OF FOODGRAIN PRICES WERE INCLUDED IN IN-3066, DATED OCTOBER 17, 1973.

5. CONGESTION CONTINUES AT THE BOMBAY PORT, WHERE APPROXIMATELY ONE-HALF OF INDIA'S FOODGRAIN AND FERTILIZER IMPORTS ARE OFFLOADED. FOLLOWING APPEALS FROM NEW DELHI AND THE MAHARASHTRA CHIEF

MINISTER, LEADERS OF THE STRIKING WORKERS AT BOMBAY PORT ALLOWED
GRAIN UNLOADING TO BE RESUMED ON OCTOBER 18. CONGEN BOMBAY
REPORTED ON OCTOBER 18 THAT SHIPS CARRYING 52,000 TONS OF FERTILIZER
AND 125,000 TONS OF FOODGRAINS ARE AWAITING BERTHING SPACE.
MOYNIHAN UNQUOTE KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RICE, WHEAT, FOOD ASSISTANCE, GRAINS, LOAN AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE209363
Document Source: CORE
Document Unique ID: 00
Drafter: NEA/INS:JELEQDER
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731017/aaaaalzn.tel
Line Count: 120
Locator: TEXT ON-LINE
Office: ORIGIN NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: NEW DELHI 11958
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 19 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19-Dec-2001 by martinml>; APPROVED <10-Jan-2002 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: WEEKLY FOODGRAIN SITUATION
TAGS: EAGR, EAID, IN, UR
To: COLOMBO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005